

HAWAII PUBLIC UTILITIES COMMISSION
465 SOUTH KING STREET
HONOLULU, HAWAII 96813
PHONE: (808)586-2020 FAX: 586-2066
E-MAIL: Hawaii.PUC@hawaii.gov
WEBSITE: www.hawaii.gov/budget

PRESS RELEASE

Contact: Kris Nakagawa, Chief Legal Counsel

Date: October 21, 2003

Hawaii Public Utilities Commission to Examine Distributed Generation and Competitive Bidding for Electric Generation.

The Hawaii Public Utilities Commission ("Commission") opened two formal proceedings (also referred to as "dockets") today to examine: (1) the potential benefits and impact of distributed generation on Hawaii's electric distribution system; and (2) the development and implementation of a competitive bidding process to acquire or build new electric generating capacity in Hawaii.

"Distributed generation" is the use of small-scale electric generating technologies installed at or near the end-user's location. In contrast to large central electric generating plants, distributed generation units such as fuel cells and micro turbines are smaller in size and generating capacity, and can be sited or "distributed" widely at customer sites throughout the electric utility's service area.

The objective of the distributed generation proceeding is to examine the distributed generation concept and develop policies and a regulatory framework for distributed generation projects in Hawaii.

"Competitive bidding for new generating capacity" is a process utilized by other states where parties interested in satisfying a need to build and/or operate new electric generating plants are allowed to bid for the proposed project. Competitive bidding may serve as a viable, wholesale market competition alternative for future generating capacity in Hawaii. Potential benefits of competitive bidding include increasing wholesale competition for electric power resources, and offering more choices to consumers of electricity, and thereby potentially lowering electricity prices.

The objective of the "competitive bidding" proceeding is to evaluate competitive bidding as a mechanism for constructing new generating capacity, as well as its effect on the electric industry in Hawaii. Issues in the proceeding will include, but will not be limited to, evaluating the benefits and impacts of competitive bidding and developing policies and a regulatory framework for a fair competitive

bidding system for new generation, if necessary, to serve the businesses and consumers throughout the State.

The Commission made all regulated electric utilities (Hawaiian Electric Company, Inc., Maui Electric Company, Limited, Hawaii Electric Light Company, Inc. and Kauai Island Utility Cooperative) serving the different islands and the Department of Commerce and Consumer Affairs, Division of Consumer Advocacy, a State agency responsible for advocating the interests of electric utility consumers, parties to these proceedings.

Any other interested persons, governmental agencies, or energy, environmental, cultural or business groups or entities may request Commission approval to participate in either or both of these proceedings as either intervenors or participants. Motions to intervene or participate must be filed with the Commission not later than 20 days from the filing date of the applicable orders in accordance with the Commission's rules of practice and procedure.

####